



PRESS RELEASE

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Banking Cartel

Millions of Portuguese with bank loans could receive substantial compensation

Did you take out a mortgage and/or consumer credit in Portugal between May 2002 and March 2013? If so, you may be entitled to compensation if these actions are successful.

The figures are staggering! 14 banks harmed over eight million consumers in Portugal, with damages estimated to exceed five billion euros.

Based on a preliminary analysis, the Competition, Regulation and Supervision Court of Santarém (TCRS) has accepted the five actions brought by Ius Omnibus, a non-profit European consumer protection association based in Portugal.

The aim is to have 12 banks operating in the Portuguese market (excluding 2 insolvent banks) compensate consumers for the damage caused by the continuous, voluntary, and deliberate exchange of sensitive and strategic information on prices and other commercial conditions of mortgage, consumer credit, and SME credit from 2002 to 2013, which were not publicly available or easily obtained.

This case, known as the Banking Cartel, promises to be significant given the number of affected individuals and the amounts involved.

The action is against the banks: Abanca, Banco Bilbao Vizcaya Argentaria, BPI, BCP, Banco Santander Totta, Banif, Barclays Bank, Caixa de Crédito Agrícola Mutúo, Montepio Geral, Caixa Geral de Depósitos, Deutsche Bank, and Unión de Crédito Inmobiliarios, identified by the Competition Authority (AdC) as having committed a continuous infringement and whom Ius has taken to court.

All these banks exchanged sensitive pricing information, hence they were considered participants in an anti-competitive practice declared by the AdC. "That is, all these entities engaged in secret and illegal practices, and the consumer bore the consequences," says Ius.

These exchanges included information about the intention to change and/or maintain commercial conditions, aiming to replace competitive risk, artificially increasing their mutual knowledge. Essentially, collaboration among these entities led to reduced competition, resulting in higher interest rate spreads and other fees for consumers through the loans taken out.

“The participants of this cartel systematically exchanged sensitive commercial information over 11 years, particularly about the spreads they planned to offer in the market. As a result of the practices carried out by the Portuguese banking cartel, there was an artificial reduction of competition in these markets. This led consumers to directly pay additional costs on mortgages and consumer loans, while businesses ended up paying more for contracted credit, passing these additional costs on to consumers through the prices of the products and services they sold,” says Ius.

The intention was to reduce the risk and uncertainty generally associated with the strategic behaviour of each competitor. “Imagine a market where companies call their competitors to inform them of the prices they are about to offer. This is not the behaviour of companies competing based on price. The practice in question allowed the competing banks involved in the exchange of information to remove or mitigate the risk and uncertainty associated with strategic behaviour,” asserts Ius.

In a free and competitive market, banks do not exchange strategic information among themselves, instead using that information and its absence to compete on price, quality, and innovation, benefiting consumers. This information exchange occurred in a relatively concentrated and stable market, where the six largest banks (included in this list of 12 entities) represent more than 80 per cent of the national market.

Thus, the Banking Cartel affected the vast majority of Portuguese consumers.

Therefore, Ius asks the TCRS to declare that these banks violated European and Portuguese competition law continuously during the identified period, affecting the represented consumers.

The goal is for these banks to compensate consumers for the losses resulting from cartelised activity in the banking sector, with values updated to account for inflation and increased with interest.

For ongoing contracts, Ius seeks their rectification in the form of a reduction of the spread for the future to eliminate the cartel's effects and prevent ongoing damage.

If Ius wins these actions, the Court will set the total amount of damages to be paid to consumers, which will be deposited in a fund managed by an entity designated by the Court, on terms to be decided by the Court.

In the event of victory, the Court will set a deadline for consumers to claim their compensation from this fund.

Ius invites all consumers to register now through the website www.carteldabanca.pt to stay informed and ensure they do not miss the opportunity to be compensated.

These actions are funded by a third-party litigation funding system. Consumers will never have to bear any costs and will never be asked to pay any amount. Each consumer who claims their compensation will receive 100 per cent of their compensation.

The undistributed amount of the total compensation will be used to pay Ius's expenses resulting from the action, including approved financing costs, and the remainder will be given to the State for public purposes as determined by law.

The Competition Court has just accepted the five actions brought by Ius Omnibus, with all these actions now accepted, and their progression ordered. Defenses have already been received in two of the actions.

About Ius Omnibus

Founded in 2020, Ius Omnibus is a non-profit European consumer organization based in Portugal. Ius is legally empowered to represent Portuguese consumers affected by anti-competitive or illegal practices before Portuguese courts. It is a qualified entity designated by the Portuguese State and listed by the European Commission under the European Representative Actions Directive. The governing bodies of Ius Omnibus include academics and researchers specializing in consumer protection from various EU Member States.

With over 40 actions ongoing in Portugal, its mission is to protect the rights and interests of consumers, including citizens of EU Member States and third countries residing in the EU, encompassing Consumer Law, General Contractual Clauses, Advertising Law, Competition Law, Unfair Commercial Practices, Regulatory Law, Environmental Law, and Data Protection Law.

Ius primarily focuses on protecting these rights and interests through events, legislation promotion, collective actions, restoring legality, and seeking fair compensation for consumers harmed by companies' unlawful practices.

Ius argues that everyone has the right to fair treatment by businesses. When they violate the law or engage in unfair practices, they must be held accountable. Collective actions are a robust tool that can help consumers achieve justice and redress for the damages owed to them.

Website: www.iusomnibus.eu

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